REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA No. 7279
BIR Ruling No. 294-14; BIR Ruling No. 283-14
#163-2016
5-4-2016

GUARDIAN ANGELS PABAHAY
HOMEOWNERS ASSOCIATION, INC.
Brgy. Palo-Alto, Calamba City,
Laguna 4027

Attention : **Ms. Josephine M. Oftana**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of Social Housing Finance Corporation (SHFC) dated August 19, 2014, endorsing the sale transaction between **Marilyn Unico-Sangalang**, married to Elmer Sangalang, **Nelson Unico**, married to Merceliza M. Unico and **Guardian Angels Pabahay Homeowners Association, Inc.** for exemption from the payment of Capital Gains Tax and other taxes in accordance with the Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted disclose that **Marilyn Unico-Sangalang** (TIN married to Elmer Sangalang, and **Nelson Unico** (TIN 00), married to Merceliza M. Unico are the registered owners of a parcel of land covered by Transfer Certificate of Title (TCT), to wit:

TCT No.	Area (sq. m.)	Tax Declaration No.
	10,000	

issued by the Registry of Deeds for Calamba, Laguna. The aforesaid property is situated at Brgy. Palo-Alto, Calamba City. **Guardian Angels Pabahay Homeowners Association, Inc.** (TIN), on the other hand, is a homeowners' organization registered with the Housing and Land Use Regulatory Board (HLURB) under Certificate of Registration No. On June 26, 2013, the parties executed a Deed of Absolute Sale whereby the owners transferred and conveyed Seven Thousand Six Hundred Fifty Three square meters & Thirty One decimeters (7,653.31 sq.m.) portion of the subject property to **Guardian Angels Pabahay Homeowners Association, Inc.** at a total agreed price of Pesos (Php), Philippine Currency. Pursuant to a Certification issued by SHFC, Seven Thousand Six Hundred Fifty Three square meters & Thirty One decimeters (7,653.31 sq.m.)

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out of the Ten Thousand square meters (10,000 sq.m.) covered by TCT No. (formerly) actually comprise a CMP Project and shall be proportionately distributed to the association's one hundred thirty (130) qualified member-beneficiaries (Annex A). For this purpose, **Guardian Angels Pabahay Homeowners Association, Inc.** secured a housing loan under the CMP, a financing assistance program of the Social Housing Finance Corporation a subsidiary of the National Home Mortgage Finance Corporation (NHMFC).

In support of its request, **Guardian Angels Pabahay Homeowners Association, Inc.** has completely submitted the following documents:

1) Letter application for tax exemption;
2) Certification of the President of the SHFC that the subject property qualifies and is actually a CMP project;
3) Certified true copy of the Deed of Absolute Sale to the Community Association;
4) Certified true copy of the Articles of incorporation of the Community Association;
5) Certified true copy of the Masterlist of Qualified Beneficiaries duly certified by the SHFC;
6) Certified true copies of the TCT and Latest Tax Declaration of the Property Sold to the Community Association;
7) Certified true copy of the Location Plan of the Lot Sold to the Community Association;
8) TIN ID/BIR Certificate of Registration of the seller and the Homeowner Association;
9) BIR Form 2000-OT (Documentary Stamp Tax Return); and
10) Other pertinent documents.

In reply, please be informed that pursuant to Section 32 of RA No. 7279, pertinent portions of which state that:

> *"Sec. 32. Incentives. — To encourage its wider implementation, participants in the CMP shall be granted with the following privileges or incentives:*
>
> *xxx xxx xxx*
>
> *(b) Properties sold under the CMP shall be exempted from the capital gains tax; and"*

the landowners who sold their property for use in a socialized housing project are exempt from the payment of capital gains tax. Such being the case, the sale by the landowners to **Guardian Angels Pabahay Homeowners Association, Inc.**, in so far as the Seven Thousand Six Hundred Fifty Three square meters & Thirty One decimeters (7,653.31 sq.m.) portion of the property covered by TCT No. (formerly) is concerned, is exempt from the capital gains tax.

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Upon issuance of this letter of exemption, and upon registration of the document of sale, a lien on the Certificate of Title of the land to be issued in the name of the Homeowners Association shall be annotated by the Register of Deeds having jurisdiction over the property, to the effect that the said property shall be used for socialized housing pursuant to RA No. 7279. *(BIR Ruling No. 294-14 dated July 23, 2014)*

However, the documentary stamp tax is not one of the taxes covered by the tax exemption clause in Sec. 20 of RA 7279. Accordingly, the landowners are liable to pay the documentary stamp tax on the documents conveying the afore-stated property imposed under Section 196 of the Tax Code of 1997, based on the consideration contracted to be paid for such realty or its fair market value determined in accordance with Section 6 (E) of the said Code, whichever is higher. *(BIR Ruling No. 283-14 dated July 7, 2014)*

It is, however, understood that this ruling is never intended and shall not be construed as giving authority to the concerned Register of Deeds to effect transfer of the land title in the name of the buyer without the necessary certificate of authority to register issued by this Bureau. In this regard, this ruling shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the Certificate Authorizing Registration (CAR). The CAR shall only be issued after the submission of the requirements provided under RMO 15-2003. *(BIR Ruling Nos. 294-14 dated July 23, 2014 and 283-14 dated July 7, 2014)*

Notwithstanding the foregoing, the Bureau of Internal Revenue shall conduct verification and post-audit that the actual occupants of the property transferred under the CMP are qualified beneficiaries and therefore, the sellers are entitled to exemption from capital gains tax or income tax imposed under the Tax Code of 1997.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered as null and void.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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ANNEX A

GUARDIAN ANGELS PABAHAY HOMEOWNERS ASSOCIATION, INC.
Brgy. Palo-Alto, Calamba City, Laguna
Masterlist of Beneficiaries

Name of Beneficiary	Blk. No.	Lot No.	Total Lot Area
1. Joselito Montecino	1	1	63.39
2. Allan B. Degala	1	2	49.80
3. Abe I. Borero	1	3	54.33
4. Doroteo Polvenar	1	4	54.33
5. Lea D. Tanciangco	1	5	54.33
6. Ronimel A. Luna	1	6	54.33
7. Nilda G. Alvarez	1	7	54.33
8. Ronnel A. Luna	1	8	54.33
9. Alicia J. Asajar	1	10	54.33
10. Josephine M. Oftana	1	12	60.37
11. Joanna Nova L. Gonzales	2	1	61.88
12. Jessica Mae Gonzales	2	2	61.88
13. Alma Amaro	2	3	58.86
14. Julie Marie Reanzares	2	4	58.86
15. Palmiro S. Palma	2	5	58.86
16. Conchita Terrible	2	6	58.86
17. Resty T. Calungsod	2	11	58.86
18. Eloisa A. Abordo	2	12	58.86
19. Perlita C. Amagan	2	13	58.86
20. Honah Jean T. Calungsod	2	14	58.86
21. Eva L. Tena	2	15	58.86
22. Racquel Supremo	2	17	58.86
23. John Henry Supremo	2	18	58.86
24. Rodrigo D. Togle Sr.	2	21	58.86
25. Jeffrey T. Jorge	2	23	58.86
26. Jeofrey T. Jorge	2	24	58.86
27. Ceferino A. Jorge Jr.	2	25	58.86
28. Alexander D. Togle	2	26	58.86
29. Edmon H. Mengote	2	28	58.86
30. Charina M. Magno	2	30	58.86
31. Salvacion Rodriguez	2	32	58.86
32. Catherine N. Nabong	2	33	58.86
33. Carlos B. Nabong	2	34	58.86
34. Francisco B. Gabas Jr.	2	35	58.36
35. Roberto A. Fernandez	2	36	58.36
36. Mario B. Padora	2	37	58.36
37. Jungie A. Balibalos	2	38	58.36
38. John Christian H. Ng	2	39	61.88
39. Michelle Irene B. Baltazar	2	40	61.88
40. Rachel Anne Mae M. Manucot	3	1	61.88
41. Michael Adrian M. Manucot	3	2	61.88

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42. Mary Ann G. Villegas	3	3	58.86
43. Merly D. Cabahug	3	4	58.86
44. Jose Maning Z. Mongaya	3	5	58.86
45. Lady Anne A. Yanson	3	6	58.86
46. Fitzgerald A. Yanson	3	7	58.86
47. Inocensia A. Yanson	3	8	58.86
48. Jennivie B. Pellazar	3	9	58.86
49. Lady Jean A. Banting	3	10	58.86
50. Joe Ann Z. Gabas	3	11	58.86
51. Jennilyn A. Banting	3	12	58.86
52. Leonides G. Zara	3	13	58.86
53. Janet D. Calpo	3	14	58.86
54. Jerry P. Marasigan	3	15	58.86
55. Orlando Calimutan	3	16	58.86
56. Allain P. Rollenas	3	17	58.86
57. Lucita T. Cabiles	3	18	58.86
58. Apolinario B. Olea	3	20	58.86
59. Jessica D. Tabag	3	21	58.86
60. Joan Pollentes	3	22	58.86
61. Ma. Geraldine V. Miranda	3	23	58.86
62. Fe O. La Torre	3	24	58.86
63. Joanna Constantino	3	25	58.86
64. Arriane O. La Torre	3	26	58.86
65. Elias E. Lomeda	3	27	58.86
66. Linibeth Dael	3	28	58.86
67. Analyn M. Narvaez	3	29	58.86
68. Edna M. Llagas	3	31	58.86
69. Alejandro B. Cabilao	3	32	58.86
70. Mona O. Clavanto	3	33	58.86
71. Josephine B. Hernandez	3	34	58.86
72. Ariel O. Navarro	3	35	58.86
73. Kristopher O. Felicia	3	36	58.86
74. Ma. Fe D. Alfonso	3	37	58.86
75. Leticia D. Detalo	3	38	58.86
76. Perlito R. Asuncion	3	39	61.88
77. Margie R. Asuncion	3	40	61.88
78. Merriam M. Hortenilla	4	1	61.88
79. Nolie Sucuaje	4	2	61.88
80. Sheila M. Buban	4	3	58.86
81. Benilda B. Nicolas	4	4	58.86
82. Jeffrey B. Felipe	4	5	58.86
83. Francis G. Castaneda	4	6	58.86
84. Roel E. Mendoza	4	9	58.86
85. Anita R. Diwata	4	10	58.86
86. Dominador Jaurige	4	11	61.88
87. Rigor Jaurique	4	12	61.88
88. Helen S. Obedoza	5	6	58.86
89. Anthony Obedoza	5	7	58.86
90. Romeo Gacelo	5	8	58.86
91. Albren G. Belano	5	9	58.86
92. Fidel O. Tampos	5	10	58.86

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93. Mario G. Oville	5	11	58.86
94. Maribel B. Velina	5	13	58.86
95. Antonine M. Larga	5	14	58.86
96. Mylene M. Logo	5	15	58.86
97. Peter Dennis M. Sangalang	5	16	58.86
98. Samuel L. Pasicolan	5	17	58.86
99. Rollie E. Manaog	5	18	58.86
100. Vicente Dimla	5	19	58.86
101. Jeselle J. Antivo	5	20	58.86
102. Renante Alde Raga	5	21	58.86
103. Danilo Ayague	5	23	58.86
104. Rogelio G. Domingo	5	24	58.86
105. Jenny Lean R. Yadao	5	25	58.86
106. Elvis H. Hoseña	5	26	58.86
107. Mena M. Baguio	5	27	58.86
108. Geraldine Bacaya	5	28	58.86
109. Roger B. Bastillada	5	29	58.86
110. Elmer B. Lo-oc	5	30	58.86
111. Louel D. Pral	5	31	58.86
112. Rosy Acaja	5	32	58.86
113. Armando P. Dela Cruz	5	33	58.86
114. Roberta Capote	5	34	58.86
115. Liza T. Abarquez	5	35	58.86
116. Alberto Buisan	5	36	58.86
117. Alicia A. Ramirez	5	37	58.86
118. Raffy D. Gustilo	5	40	58.86
119. Jesus M. Dela Cruz	5	41	58.86
120. Mervin J. Sadiwa	5	42	58.86
121. Mark Gregory S. Sanchez	5	43	58.86
122. Teoderick D. Guarico	5	44	58.86
123. Roberto Pradia	5	45	58.86
124. Merlyn Q. Navarro	5	46	58.86
125. Randy B. Damasco	5	47	58.86
126. Victoriano T. Zamoro	5	48	58.86
127. Josefina A. Daiz	5	49	58.86
128. Melchora Dela Cuz	5	50	58.86
129. Benjamin Dela Cruz	5	51	58.86
130. Rose Ann P. Bolivar	5	53	58.86
TOTAL:			**7, 653.31**

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